

**DRAFT**

**SCOPE OF WORK**

**WMIC RTO SEAMS TASK FORCE**

With the encouragement of the FERC, Regional Transmission Organizations (RTO) are now being developed in the West. Since the RTOs are being developed independent of one another, differences in operational and business practices are likely to occur between RTOs. The objective of the WMIC RTO Seams TF is to facilitate discussions of seams issues among the RTO representatives and the transmission users, directed toward making these differences transparent to the marketplace and thus not interfering with the efficient operation of the power market in the West. Participation of representatives from each RTO in this process is essential to accomplishing this objective.

**PROCESS**

To accomplish the above objective, the TF will perform the following tasks:

1. Review each RTO's proposed practices for pricing and access fees, congestion clearing mechanisms and associated FTRs, and scheduling and operating protocols. RTO representatives will be encouraged to inform the TF as early as possible of proposed RTO practices which might become seams issues.
2. From the list of identified issues, identify those existing today needing immediate attention (and which group, including the WMIC Seams TF, might best address the issue) and those existing as a result of RTO formation (to be addressed by the WMIC Seams TF).
3. Communicate to the RTOs where differences exist between RTOs in the above proposed business practices that may affect efficient operation of the marketplace.
4. Where differences in proposed practices are identified that will impact efficient operation of the market, facilitate a discussion among the RTO's representatives and the transmission customers directed towards either (1) the RTOs voluntarily modifying their proposed practices to minimize the seams impact or (2) the RTOs adopting practices that will make the seams differences transparent to the marketplace.
5. The WMIC Seams TF may develop alternative solutions to seams issues. RTO representatives will be encouraged to develop consensus solutions to identified seams issues. Any changes in RTO proposed practices will be at the sole discretion of the RTO(s).

It is expected that the work of the WMIC Seams TF will continue beyond the October 15, 2000 FERC filing date and will terminate when all seams issues identified by the TF have been addressed.

### **INITIAL ISSUES LIST**

Below is a list of initial issues separated according to (1) issues at the seams resulting from different RTO practices and (2) issues of market practice that may exist without RTOs (these may be handed off to another group).

RTO seams related Issues:

- Congestion management across seams - redispatch: If the RTOs run the redispatch market, there need to be clear rules to establish which RTO runs the market across the seams.
- Congestion management across seams - physical rights auction: The auctions for both sides of the congested seam need to be done in a way that allows for a single decision by the marketing entity. Mechanisms that require a decision to acquire a right on one side of the seam before consideration of the decision to acquire a right on the other side is complete must be avoided.
- Firm transmission rights across seams: Inconsistent durations will likely reduce the availability to the lowest common denominator of duration. Inconsistent definitions (flow-based, injection/withdrawal vs. scheduling path) will hinder commercial transactions, perhaps substantially.
- Pancaking of per/mwh access fees across seams: Pancaking of access fees that recover sunk costs across seams leads to inefficient use of the system for the lower-valued end of the transaction spectrum, as otherwise viable but low margin transactions are precluded by the imposition of the non-marginal cost based access fees to individual transactions.

Non-RTO related market practice issues:

- Definition of firm transmission: Sometimes “firm” means with reserves and sometimes without reserves. Transactions across a boundary with two different definitions mean either that unnecessary transmission is purchased on one side or that it is not purchased but cannot be used by others on the other side.
- Incompatible scheduling practices: [EXAMPLE - CalISO proposal to go to 10 minute scheduling]

### **WMIC SEAMS TASK FORCE MEMBERSHIP**

The Seams Task Force is a subgroup of the WMIC. Its membership should consist of a designated representative(s) from each of the proposed RTOs (Desert Star, Northwest, Alberta, California ISO, and Rocky Mountain) plus representatives from all segments of the industry (Marketers, transmission dependent entities, customer groups, etc.) and state/provincial representatives. It is important that the RTO representative(s) can speak authoritatively to and adequately represent the group proposing the RTO.